PSJ3

Exhibit 557

Message

From: Avergun, Jodi [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=JAVERGUN]
Sent: 4/29/2008 2:17:48 AM
To: 'Cote, Larry P.' [Larry.P.Cote@usdoj.gov]; 'Barber, David L.' [David.L.Barber@usdoj.gov]
CC: 'jcarney@bakerlaw.com' [jcarney@bakerlaw.com]; 'Falk, Steve' [Steve.Falk@cardinalhealth.com]
Subject: Letter from Cardinal Health
Attachments: Leonhart letter dated 04 28 08.pdf

Larry and Linden,

The attached letter from Ivan Fong, Cardinal Health Chief Legal Officer, was sent to the Acting Administrator by overnight mail this evening. Courtesy copies were also sent to each of you, Ms. Goggin, and Mr. Rannazzisi. I am enclosing a pdf of the letter for your convenience. Thank you for taking the time on Friday to discuss with us the issues highlighted in this letter.

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Ivan K. Fong
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April 28, 2008

VIA OVERNIGHT DELIVERY

Honorable Michele M. Leonhart
Acting Administrator
Drug Enforcement Administration
700 Army Navy Drive, Room 12060
Arlington, VA 22202

Dear Ms. Leonhart:

I am writing on behalf of Cardinal Health to bring to your attention a recent development relating to our shared mission of preventing the unlawful diversion of controlled substances. Without clear and prompt guidance from the DEA on this issue, pharmaceutical distributors will continue to adopt divergent compliance standards, thereby hindering the industry's ability to help prevent diversion and inappropriately tilting the competitive balance among competitors.

We have recently learned that another large pharmaceutical wholesaler intends to adopt a new suspicious order monitoring program. As the attached materials indicate, that company's proposed compliance program includes an early warning system that alerts a customer if it is about to exceed a pre-established controlled substance threshold "well in advance of exceeding" that threshold. Once a customer receives such an early warning, the customer is advised to "reconsider its ordering patterns," "monitor purchases," or apply for a new threshold. This program appears inconsistent with prior statements from DEA made as recently as December 2007 and is contrary to the view that pre-notifying customers of limits could allow illegitimate customers to tailor their orders to avoid detection.

From an industry perspective, anti-diversion policies that impose stricter requirements on customers have the effect of driving customers to other distributors that employ less rigorous standards for compliance. Indeed, even in the current environment of heightened regulatory scrutiny, some of the customers that Cardinal Health has terminated due to a perceived risk of diversion of controlled substances are now being supplied by our competitors. Although we do not expect DEA to address our significant loss of business, we do respectfully request that DEA provide – to an industry that needs clearer direction from its regulator – concrete guidance concerning whether this "pre-notification" type of policy is consistent with an effective control and procedure to guard against diversion.

Compliance with federal regulations should neither commercially advantage nor disadvantage a registrant; if regulatory uncertainty allows some distributors to selectively adopt a customer-friendly "pre-notification" policy such as the attached, then the competitive balance within the industry will be permanently and unfairly altered.

Cardinal Health is committed to complying with its obligations as a registrant, as a nationwide provider of needed medicines to consumers (the vast majority of whom are legitimate pharmacies), and as a fiduciary to the interests of its shareholders. We believe that greater regulatory clarity and guidance would allow us to better meet these obligations. Silence by DEA is likely to be interpreted as tacit approval under the applicable regulatory standards.

We thank you for your time and consideration of this most important matter and look forward to your prompt response.

Very truly yours,

Ivan K. Fong

Enclosures (as stated)

cc: Joseph T. Rannazzisi
Deputy Assistant Administrator
Office of Diversion Control, DEA

Wendy H. Goggin, Esq.
Chief Counsel, DEA

D. Linden Barber, Esq.
Associate Chief Counsel, DEA

Larry P. Cote, Esq.
Senior Attorney, DEA

McKESSON

Empowering Healthcare

April 4, 2008

Dear Valued McKesson Customer:

The abuse of prescription drugs, particularly controlled substances, has become a serious problem among millions of Americans. In recent years, the federal government has committed to combating this abuse by implementing monitoring programs and taking enforcement action to keep controlled substances out of the hands of those who intend to misuse them.

The DEA is requiring that McKesson and all wholesale distributors play an expanded role in monitoring the order and distribution of controlled substances. McKesson has responded by implementing a new Controlled Substances Monitoring Program (CSMP) which will be rolled out in the next 90 days. In the enclosed packet, you will find a comprehensive overview of the CSMP, as well as answers to what we anticipate may be frequently asked questions.

We appreciate your understanding and cooperation as we do our part to assist the government and other participants in the healthcare industry address this serious problem.

Your McKesson representative will be following up with you to provide more details about this new program and to answer any questions you might have.

Sincerely,

John Figueroa
President
U.S. Pharmaceutical Distribution
McKesson Pharmaceutical

Mark Walchirk
SVP & COO
U.S. Pharmaceutical Distribution
McKesson Pharmaceutical

McKESSON
Empowering Healthcare

McKesson Controlled Substances Monitoring Program

Program Guide for Pharmacies

Program overview

McKesson is enhancing our policies and practices for distributing controlled substances to our pharmacy customers. We have designed our Controlled Substances Monitoring Program (CSMP) to improve our ability to monitor orders of controlled substances.

With this program, we have put in place a sophisticated technology system that will allow for proactive, two-way communications between McKesson and your pharmacy.

Program details

All U.S. drug wholesalers have always been required by the DEA to monitor the ordering of controlled substances. Those regulations have not changed, but the extent to which wholesalers are now required to monitor and enforce the legitimate use of controlled substances has. While we trust and respect our customers' integrity and professionalism, we must cooperate with these mandates from the DEA.

Therefore, beginning this month, McKesson will implement the CSMP. Here's how the program works:

- McKesson will monitor purchases of all controlled substances by all customers.
- A critical component of this program is the establishment of controlled substance thresholds.
- Realizing that each customer's business is unique, McKesson has taken great care to set a threshold level specific to your business needs.
- Thresholds are determined by an analysis of each customer's controlled substances purchase history.
- Thresholds are monitored monthly and adjusted if necessary.
- Customers will be alerted in advance of meeting or exceeding their thresholds.
- Customers can apply for threshold adjustments if their business is changing or they anticipate needing to place a larger order.

Notification system

Your McKesson ordering system conducts real-time monitoring of controlled substance purchases according to DEA base code. McKesson's CSMP works with your regular ordering system processes to deliver communications in plenty of time for your pharmacy to take corrective action, helping head off any potential disruptions in supply.

Advance warning alerts

If your pharmacy reaches a threshold for a given product, you will receive an alert in Supply Management Online or EconoLink, and a message on your invoice or delivery document, alerting you that you are approaching your regulatory purchase limit, so you can monitor your purchases for the rest of the month.

Threshold exceeded

If for some reason your pharmacy exceeds its threshold for a given product, you will see a "V" omit code in your ordering system, as well as printed on your invoice. The omit code signals that the product will be omitted from your order because you exceeded your monthly threshold.

Communicating anticipated order increases

We recognize your business is constantly changing, so your future controlled substance ordering needs may vary from your order history. McKesson has developed a Threshold Change Request process, allowing you to communicate your needs in advance so we can accommodate them in advance of any delays or disruptions in delivery.

McKesson values you and your business and is committed to working closely with you to ensure that your pharmacy continues to be successful. This program addresses the DEA's requirements to ensure controlled substances are used in the way they were intended, but it also ensures that you as a McKesson customer can continue with business as usual.

Your McKesson representative will be contacting you shortly to walk you through the new processes and answer any questions you might have.

McKESSON
Empowering Healthcare

McKesson Controlled Substances Monitoring Program

FAQs for Pharmacies

1. Why is McKesson implementing this program?

McKesson and all wholesalers have always been required to monitor the distribution of controlled substances, and now the DEA is requiring all wholesalers to implement tighter controls. With our CSMP, we have developed a technology solution to automate the monitoring of controlled substances and proactively communicate with customers.

2. Is McKesson the only wholesaler required to implement this type of program?

No, all U.S. pharmaceutical wholesalers are being required to meet the DEA's requirements for tighter controls on controlled substances. The Controlled Substances Monitoring Program is McKesson's solution to the DEA's requirement, but the requirement is the same for all drug wholesalers.

3. How will this affect my pharmacy business?

There should be no significant impact to your business. The system monitors purchases of your controlled substances and compares them to your thresholds. We've taken care to set your threshold based on your controlled substance order history, and have put a program in place to give you plenty of notice if you are close to exceeding your threshold for a given product.

4. What changes will I see?

A new alert message will appear in your ordering system and on your invoice if you approach your threshold for a product. If you exceed your monthly purchase threshold, you will see the "V" omit code in your ordering system and on your invoice or delivery document to indicate the product has been omitted from your order because you exceeded your order limit.

5. McKesson states that you will be "monitoring" all of my controlled substances. How is this being done?

After conducting extensive analysis on controlled substances purchases, we have created a technology solution that has visibility to your controlled substances purchases and compares your purchases to your designated thresholds.

6. How are my thresholds determined?

Thresholds are established for each individual pharmacy. Your thresholds have been determined based on your 12-month purchase history.

7. McKesson states that I will receive an alert if I reach my threshold amount. How will I receive this notification?

Threshold alerts will appear for each product ordered on your invoice or delivery document. They will also appear in your electronic ordering system.

8. **What if I exceed my threshold?**
You will always receive a threshold alert on your invoice or delivery document well in advance of exceeding your threshold, so you can monitor purchases or apply for a threshold change. If you still exceed your threshold, you will see the new code "V" with the message "Monthly Regulatory Maximum Purchases Exceeded" on your invoice, as well as in Order Acknowledgment or Invoice Acknowledgment (depending on your ordering system). That particular item will be omitted from your order and will not be shipped.

9. **You said that McKesson is conducting real-time monitoring of controlled substance purchases according to DEA base code. How can I get more information on DEA base codes?**
Please check the DEA Web site for all base codes and associated product categories: www.deadiversion.usdoj.gov/arcos/ndc/ndc_dic.htm.

10. **What if I have a change in my business (for example, I acquire a new pharmacy or pursue another line of business)? Am I in danger of not being able to order enough product because of my previous order history?**
We have created a Threshold Change Request process. If you do anticipate a change to your business, contact your McKesson sales representative as soon as possible so we can initiate the change request process.

11. **How do I request a change in my threshold amounts?**
Contact your McKesson sales representative.

12. **Who do I contact if I have questions?**
Contact your McKesson sales representative.